



**STATE BOARD OF EQUALIZATION**

450 N STREET, SACRAMENTO, CALIFORNIA, 95814

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BETTY T. YEE  
Acting Member  
First District, San Francisco

BILL LEONARD  
Second District, Sacramento/Ontario

CLAUDE PARRISH  
Third District, Long Beach

JOHN CHIANG  
Fourth District, Los Angeles

STEVE WESTLY  
State Controller, Sacramento

RAMON J. HIRSIG  
Executive Director

**STATE BOARD OF EQUALIZATION MEETING  
450 N Street, Sacramento**

**Preliminary Record of Board Action**

The following is a preliminary record of Board actions taken at the April 18, 2006 Board Meeting. This is not an official record and is subject to correction or modification. The official record of the Board's actions are the minutes of the Board, which will be adopted at a subsequent meeting.

The Board's decision reflects only the issues resolved by the Board at the meeting. Issues resolved prior to the meeting are not reflected in this document.

If you would like specific information regarding items on this Preliminary Record of Board Action, please telephone (916) 322-2270 or e-mail: [cathy.stroh@boe.ca.gov](mailto:cathy.stroh@boe.ca.gov). Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

**SPECIAL PRESENTATIONS**

No Action Required

**BOARD COMMITTEE MEETINGS**

LEGISLATIVE COMMITTEE - Please see Page 15, **O. Approval of Board Committee Minutes, for voting results.**

BUSINESS TAXES COMMITTEE - Please see Page 15, **O. Approval of Board Committee Minutes, for voting results.**

**ORAL HEARINGS****A. HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE HEARINGS**

There were no hearings for this matter.

**B. CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS**

There were no hearings for this matter.

**C. SALES AND USE TAX APPEALS HEARINGS**

C1. Tensor Group, Inc., 281211 (OHA)

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
No Final Board Determination	Mr. Leonard	Yes
Ordered that Taxpayer be granted 30 days to submit post hearing documentation, Sales and Use Tax Department 30 days to respond and the Appeals Division 30 days to prepare a recommendation to the Board	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

C2. Karim Sarraf, 266956 (BH)

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Taxpayer's Late Protest is Denied	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Absent

C3. American Reprographics Company, LLC., 254516 (AP)

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Taxpayer's petition is denied, except to the extent the taxpayer establishes within 30 days that it has refunded or credited excess tax reimbursement to its customers pursuant to Regulation 1700.	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Absent

## C4. Kenneth H. Lawson, 132581 (EA) – No Appearance

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Denied	Mr. Leonard	Yes
Approved Staff Recommendation	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Absent

**D. SPECIAL TAXES APPEALS HEARINGS**

There were no hearings for this matter.

**E. PROPERTY TAX APPEALS HEARINGS**

There were no hearings for this matter.

**F. PUBLIC HEARING****F1 Property Taxes – State Assessee Presentations on the Valuation of State-Assessed Properties**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No Action Required	Mr. Leonard	
	Mr. Parrish	
	Mr. Westly/Ms. Mandel	
	Ms. Yee	
	Mr. Chiang	

**F2 Proposed Amendments to Sales and Use Tax Regulation 1591, Medicines and Medical Devices**

The proposed amendments would provide that, subject to certain qualifications, the term “medicines” includes any product approved by the U.S. Food and Drug Administration to diagnose, cure, mitigate, treat or prevent any disease, illness or medical condition.

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved With Interested Parties Recommended Revisions as agreed by Staff  Regulation referred to 15-day file and will be brought back for Board approval at the May 17 <sup>th</sup> Board meeting.	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

**G. TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT**  
**G1 Legal Appeals Matters**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Recommendation  No Final Determination on Sub-item 1	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

- Petitions for Rehearing
  1. Western Materials, LLC, 245621 (AR)
  2. Qusro Masood Mohammad, 252953, 252955 (EA)
- Petitions for Release of Seized Property
  3. Fouad Mohammed Zamzami, 336700 (CH)
  4. Jaswinder Singh and Jatinderpal Dhillon, 336708 (KH)

**G2 Franchise and Income Tax Matters**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Recommendation	Mr. Leonard	Yes
No Final Determination on Sub-item 1	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

## ➤ Decisions

1. ~~Andrew Abelman, 264122~~
2. Mark R. Christian, 314958
3. Jose Coto, 315944
4. John Gaydos and Angela Gaydos, 314979
5. Keith R. Martindale, 328134
6. Scott Reidenbaugh, 252161
7. James C. Ross and Anne J. Lumsdaine, 311707
8. Yolanda Villablackwell, 314304
9. Charles West, 316395

## ➤ Petitions for Rehearing

10. Christina Hanzel, 281922
11. Elizabeth R. Magness, 268509
12. Byron Reynolds, 267548
13. Noel W. Spaid, 282897

**G3 Homeowner and Renter Property Tax Assistance Matters..... Mr. Schreiter**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Recommendation	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

## ➤ Decisions

1. Judi Jordan, 309692
2. Hoi Vu, 307046

**G4 Sales and Use Taxes Matters**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Recommendation	Mr. Leonard	Yes
No Final Determination on Sub-item #8	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes – not participating in #9
	Ms. Yee	Yes
	Mr. Chiang	Yes

## ➤ Redeterminations

1. Alaris, Inc., 239827 (CH)
2. Matrix Computer Funding Corporation, 298889 (OH)
3. The Walden Asset Group, Inc., 306956 (OH)
4. Ronald Charles Savona, 290757 (FH)
5. Ronald Charles Savona, 296710 (FH)
6. Jorge Luis Gonzalez, 288001 (CH)
7. Teradyne, Inc., 241879 (OHB)
8. MCY III Corporation, 218314 (AG)

## ➤ Denials of Claims for Refund

9. Prudential Insurance Company of America, 341565 (OHB)
10. Novell, Inc., 309240 (OH)

**G5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Recommendation	Mr. Leonard	Yes
No Final Determination on Sub-item #3	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes – not participating in #18
	Ms. Yee	Yes
	Mr. Chiang	Yes

## ➤ Credits and Cancellations

1. Cypress Semiconductor Corporation, 342364 (GH)
2. Nielsen Dillingham Builders, Inc., 341781 (FH)

## ➤ Refunds

3. Prestige Stations, Inc., 286359 (OHC)
4. Nissan Motor Acceptance Corporation, 203010 (AS)
5. 30 Sixty Design, Inc., 244198 (AS)
6. Nationwide Sec & Building Services, Inc., 223491 (AA)

7. Mazda Motor of America, Inc., 331219 (EAA)
8. The Designory, Inc., 309202 (EAB)
9. Tegtmeier Associates, Inc., 313783 (GHC)
10. Hanson Aggregates Mid-Pacific, 340645 (CH)
11. Hanson Permanente Cement, Inc., 341508 (CH)
12. Rancho Ready Mix, 317032 (EH)
13. Helser Chev-Olds-Cad, Inc., 334829 (KHM)
14. Gelco Corporation, 313669 (OHA)
15. Payless Shoe Source, Inc., 340689 (OHA)
16. Mercedes-Benz USA, LLC., 331469 (KH)
17. Hirsch International Corporation, 262541 (OHB)
18. Verizon Select Services, Inc., 340504 (OHB)
19. Softek Storage Solutions Corporation, 312939 (GH)
20. Medtronic Avenue, Inc., 330161 (JH)
21. Hunting Energy Services, LP, 220280 (OHC)
22. Briggs of Burton, Inc., 332059 (OHB)

#### **G6 Special Taxes Matters**

There were no items for this matter.

#### **G7 Special Taxes Matters – Credits, Cancellations, and Refunds**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Recommendation	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

➤ Refund

1. Atlantic Richfield Company, 158211 (OHC)

#### **There were no items for the following matters:**

G8 Property Tax Matters

G9 Cigarette License Fee Matters

**G10 Legal Appeals Property Tax Matters**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Recommendation	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Not Participating
	Ms. Yee	Yes
	Mr. Chiang	Yes

- Petition for Penalty Abatement on Unitary Escaped Assessment
  1. Korea Telecom America, Inc. (7781), 305275 – “CF”

**H. TAX PROGRAM NONAPPEARANCE MATTERS – ADJUDICATORY****H1 Legal Appeals Matters**

- Petitions for Rehearing
  1. Smiland Paint Company, 89000960020, -30, -40, -50, -60, -70 (AC)

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Taxpayers' Petitions for Rehearing Denied	Mr. Leonard	No
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

- Hearing Notices Sent – No Response
  2. James A. Hanson Attorney PC, Inc., 267073 (ARH)

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Taxpayer's Petition Denied	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes



## 3. Advanced Acoustical Concepts, Inc., 206050 (OHA)

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Taxpayer's Petition Denied	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

## 4. Embroidertex West, Ltd., 237064 (AS)

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Taxpayer's Late Protest is Denied	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

## ➤ Cases Heard but not Decided

## 5. Cosmos Medical Technology, Inc., 198974 (FHB)

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Taxpayer's Petition Denied	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

## 6. Kretek International, Inc., 253847 (ET)

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Taxpayer's Petition Denied	Mr. Leonard	No
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

- Matters for Board Consideration
  - 7. D & G Marine, Inc., 82414, 90009, 207531 (EAB)
  - Doug Bombard Enterprises, Inc., 240445 (EAB)

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Staff Recommendation	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	No
	Mr. Chiang	Abstain

## **H2 Franchise and Income Tax Matters**

- Matter for Board Consideration
  - 1. Nancy Schultz, 288572

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Taxpayer's Appeal Denied	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

## **H3 Homeowner and Renter Property Tax Assistance Matters**

- Decision
  - 1. Romanse Banks, 299984

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Taxpayer's Appeal Denied	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

**H4 Sales and Use Taxes Matters**

- Relief of Penalty/Interest
  1. Janie Anne Lazarof, 345472

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Granted	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

**H5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds**

- Credit and Cancellation
  1. Bruker Daltonics, Inc., 340975 (OHB)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Granted	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

- Refund
  2. WFS Financial, Inc., 186987 (EAA)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Claim Granted	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

**There were no items for the following matters:**

- H6 Special Taxes Matters
- H7 Special Taxes Matters – Credits, Cancellations, and Refunds
- H8 Property Tax Matters
- H9 Cigarette License Fee Matters
- H10 Legal Appeals Property Tax Matters

**I. TAX PROGRAM NONAPPEARANCE MATTERS****I1 Property Taxes Matters**

## ➤ Audit

## 1. NobelTel, LLC (7992) – “CF”

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Denied	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Not Participating
	Ms. Yee	Yes
	Mr. Chiang	Yes

**I2 Offers-in-Compromise Recommendations**

There were no items for this matter.

**CHIEF COUNSEL MATTERS****J. Rulemaking****Proposed Amendments to State Board of Equalization Rules of Practice**

- J1 Request approval of *Board of Equalization Rules for California Tax Administration and Appellate Review* (New Rules), Chapter 1, *Title*, and Chapter 2, *Sales and Use Tax, Timber Yield Tax, and Special Taxes and Fees*; and Status Report on Chapter 3, Chapter 4 and Chapter 5.

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Concept of Chapter 1 and Chapter 2	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Absent

**K. Business Taxes**

There were no items for this matter

**L. Property and Special Taxes****Proposed Revisions for Release or Recovery of Seized Cigarette and Tobacco Products**

L1 Request approval for revisions on form BOE-1238-AID.

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Alternate Proposed Revision (Rev. 1, 4/13/06)	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Absent

**M. Other Matters**

There were no items for this matter

**ADMINISTRATIVE SESSION****N. Consent Agenda**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Absent

**N1 Approval of Board Employee Retirement Resolutions**

- Janis Arredondo
- Thomas R. Childress
- Karen Howard
- Richard K. Kozman
- Rosario M. Maquindang
- Claire N. Mortenson
- Janice Ochs
- Karin G. Olson
- Cheryl Ann Todd

**O. Approval of Board Committee Meeting Minutes****O1 Legislative Committee**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approved Minutes as presented. The minutes can be accessed at:  <a href="http://www.boe.ca.gov/legdiv/legmeetings06.htm">http://www.boe.ca.gov/legdiv/legmeetings06.htm</a>	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Absent

**O2 Business Tax Committee**

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
Approval of the 4/18/06 Business Taxes Committee minutes will be scheduled on 5/17/06	Mr. Leonard	
	Mr. Parrish	
	Mr. Westly/Ms. Mandel	
	Ms. Yee	
	Mr. Chiang	

**P. Other Administrative Matters****P1 Executive Director's Report**

Executive Director's opportunity to report on matters of interest to the Board.

1. California State Employees' Food Drive Award

<b><u>DECISION</u></b>	<b><u>MEMBER</u></b>	<b><u>BOARD VOTE</u></b>
No Action Required	Mr. Leonard	
	Mr. Parrish	
	Mr. Westly/Ms. Mandel	
	Ms. Yee	
	Mr. Chiang	

## 2. Introduction of Attorneys Recently Promoted to Tax Counsel IV

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No Action Required	Mr. Leonard Mr. Parrish Mr. Westly/Ms. Mandel Ms. Yee Mr. Chiang	

**ADJOURNED**

Unofficial